

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Mitsuko (NMN) Saito

Address 25 Puako Beach Drive, Kamuela, Hawaii 96743

Project Name(*) MOANA CONDOMINIUM PROJECT

Address Lot 38-E, Kahua 1st, Kahua and Waika, District of North Kohala, Island and
County of Hawaii, State of Hawaii

Registration No. 4200

Effective Date September 9, 1999

Expiration Date October 9, 2000

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has **not** been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The Developer may not as yet have created the condominium but has filed with a Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)

- No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with _____

SUPPLEMENTARY: This report updates information contained in the:
(pink)
 Preliminary Public Report dated: _____
 Final Public Report dated: _____
 Supplementary Public Report dated: _____
AND Supersedes all prior public reports.
 Must be read together with _____
 This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197/1098

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not required
As Exhibit "G"

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer
 Changes made are as follows: situation

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.
 - a. Further improvement of the property is also subject to the requirements of the Hawaii County Comprehensive Zoning Ordinance specifically as it relates to "ohana" additional dwelling units.
2. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

Special Attention Cont.

This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase and decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Mitsuko (NMN) Saito _____ Phone (808) 882-1398
25 Puako Beach Drive
Kamuela, Hawaii 96743

Names of officers or general partners of developer who are corporations or partnerships:
N/A

Real Estate
Broker: C&H Properties, Inc. _____ Phone (808) 885-6044
65-1227 A Opelo Road, Suite 1
Kamuela, HI 96743

Escrow: First Hawaii Title Corporation _____ Phone (808)329-8227
75-5722 Kuakini Highway, Ste210
Kailua-Kona, Hawaii 96740

General
Contractor: Randall W. Ring, dba _____ Phone (808) 885-0605
Red Water Construction
9 Puako Beach Drive
Kamuela, HI 96743

Condominium
Managing
Agent: Project will be self-managed by _____ Phone (808)885-6525
Association of Apartment Owners

Attorney for
Developer: Wendelin L. Campbell _____ Phone (808)885-0522
65-1235 A Opelo Road, Haina Cottage Ste. 5
Kamuela, Hawaii 96743

*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM: CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed

Recorded – Bureau of Conveyances: _____ Doc. No.

Book _____ Page _____

Filed – Land Court

Doc. No. 2316855

The Declaration referred to above has been amended by the following instruments (state name of document, date and recording/filing information): First Amendment (“As Built”) to Declaration of Condominium Property Regime of Moana Condominium Property, Amended Condominium Map No. 1154 as filed in Land Court as Doc. 2542692.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded – Bureau of Conveyances Condo Map No.

Filed – Land Court Condo Map No. 1154

The Condominium Map has been amended by the following instruments (state name of document, date and recording/filing information): First Amendment (“As Built”) to Declaration of Condominium Property Regime of Moana Condominium Property, Amended Condominium Map No. 1154 as filed in Land Court as Doc. 2542692.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed

Recorded – Bureau of Conveyances: Doc. No.

Book _____ Page _____

Filed – Land Court: Doc. No. 2316856

The Bylaws referred to above have been amended by the following instruments (state name of document, date and recording/filing information):

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

- Proposed
- Adopted
- Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum <u>Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	-	<u>N/A</u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

Fee Simple: Individual apartments and the common elements, which include the underlying land will be in fee simple.

Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit ____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Terms Expires:
Rent Renegotiation Date(s):

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit ____ contains a schedule of the lease rent for each apartment per Month Year

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit ____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit ____ contains a schedule of the lease rent for each apartment per Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: Lot 38-E, Kahua 1st, Kahua and Waika, District of North Kohala, Island and County of Hawaii, State of Hawaii

Tax Map Key: 3rd Div. 5-9-007:024

Address TMK is expected to change because N/A

Land Area: 3.500 square feet acres

Zoning: A-3a

Fee Owners: Mitsuko (NMN) Saito
P.O. Box 383758
Waikoloa, Hawaii 96738

Lessor: N/A

C. **Buildings and Other Improvements:**

1. New Building(s) Conversion of Existing Building(s)

Both New Building(s) and Conversion

2. Number of Buildings: 2 Floors per Building 1

Exhibit "A" contains further explanations.

3. Principal Construction Material:

Concrete Hollow tile Wood Other

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts	Use Permitted By Zoning
<input type="checkbox"/> Residential _____		<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Ohana	_____	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial _____		<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/com _____		<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural _____	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel _____		<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare _____		<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other <u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. **Special Use Restrictions:**

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: Pets are permitted
 Number of Occupants: _____
 Other: _____

There are no special use restrictions.

6. **Interior** (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area(sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>Unit 1</u>	<u> </u>	<u> </u>	<u> </u>	<u>48</u>	<u>Greenhouse</u>
<u>Unit 2</u>	<u> </u>	<u> </u>	<u> </u>	<u>120</u>	<u>Storage Shed</u>

Total Apartments: 2

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibits "A" & "C"

Permitted Alterations to Apartments:

As may be noted in paragraph 20 of the Declaration, individual unit owners may, at their sole discretion and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in compliance with all applicable ordinances, rules, codes, regulations and other requirements in force at the time of said construction. All alterations shall be completed expeditiously and in the manner set forth in said Paragraph 20.

7. Parking Stalls:

Total parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Total</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned/for each unit	_____	<u>2</u> _____	_____	_____	<u>4</u> _____
Guest	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____
Extra for	_____	_____	_____	_____	_____
Purchase	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____
Covered & Open	_____	<u>4</u> _____	<u>0</u> _____	<u>0</u> _____	<u>4</u> _____

Each residential apartment will have the exclusive use of at least 2 parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage area Recreational area

Laundry area Tennis court Trash chute/Enclosure(s)

Other:

9. Compliance with Building Code and Municipal Regulations: Cost to Cure _____
Violations

There are no violations Violations will not be cured

Violations and cost to cure are listed below.

Violations will be cured by _____.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Use	<u>X</u>	_____	_____
Structures	<u>X</u>	_____	_____
Lot	<u>X</u>	_____	_____

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration are:

described in Exhibit "B".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "C".

as follows:

Note: Land areas described herein are not subdivided lots.

3. Common Interest: Each apartment will have an undivided interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit ____.

as follows:

Each unit and its owner(s) shall have appurtenant thereto a one-half (1/2) fractional (50%) interest in the common elements of the Project for all purposes including voting, said interest is referred to as "common interest".

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "D" describes the encumbrances against the title contained in the title report dated May 6, 1999 and issued by First Hawaii Title Corporation_____.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting the title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

Mortgage In the event of foreclosure of either mortgage, Buyer's interest may be canceled and Buyer would be entitled to a refund of deposits, less escrow cancellation fees. However, should Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

Improvements are sold "AS IS"

2. Appliances:

Appliances are sold "As Is".

G. Status of Construction and Date of Completion or Estimated Date of Completion :

Greenhouse, Unit 1, was completed in 1999.

Greenhouse, Unit 2, was completed in 1999.

H. Project Phases:

The developer [] has [X] has not reserved the right to add to merge, or phase this condominium.
Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, name on page five (5) of this report, is:

- not affiliated with the Developer
- the Developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners
- other

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit * contains a schedule of estimated initial maintenance fees and maintenance fees disbursements (subject to change.)

***See Exhibit "G" (Disclosure Abstract)**

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None Electricity (___ Common Elements only ___ Common Elements & Apartments)
- Gas (___ Common Elements only ___ Common Elements & Apartments)
- Water Sewer Television Cable
- Other _____

V. MISCELLANEOUS

A. Sales Documents Filed with the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants N/A

Specimen of Sales Contract

Exhibit "E" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated June 3, 1999.

Exhibit "F" contains a summary of the pertinent provisions of the escrow agreement.

Other

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (chapter 514A, HRS):

Preliminary Report: Sales made by Developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules, if any. NONE
- F) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107 adopted by the Real Estate Commission, as amended).
- H) Other Farm Dwelling Agreement ; Notice of Dedication dated June 12, 1992 as Document No. 1967452.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the Developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 4200 filed with the Real Estate Commission on June 24, 1999.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock

C. **Additional Information Not Covered Above:**

Notice of Dedication dated June 12, 1992 as Land Court No. 1967452 states dedication of the land described herein to non-speculative residential use for a period of ten (10) years, effective July 1, 1992. Sale of property may result in special tax assessment retroactive to the date of dedication.

Each Owner shall automatically become a member of the Lokelani Subdivision Owners Association upon obtaining title to a Lot and shall remain a member thereof until such time as their ownership thereof ceases for any reason. The amount of annual dues and future assessments are to be determined, part, by the costs of servicing the Road and Utility Easements as referenced in Exhibit I.

Project Owners must comply with all design and construction requirements as outlined in Exhibit H.

Mailboxes

Mailboxes have not been provided for the units, as there is no mail delivery to this area. People in this area customarily maintain a post office box at the local post office.

C. Additional Information Not Covered Above:

Residential Dwellings within State Land Use Agricultural District

Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Hawaii County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State land Use Agricultural District.

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined in Chapter 205-4.5 (a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

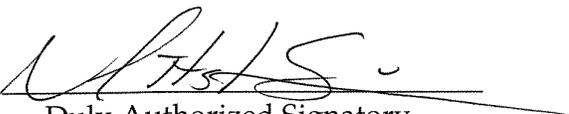
I acknowledge that I have read the above
and have been given a copy

Signature of Applicant

Signature of Witness

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Mitsuko (NMN) Saito
Name of Developer

By:  7/27/99
Duly Authorized Signatory Date

Mitsuko (NMN) Saito
Developer and Fee Simple Owners
print name & title of person signing above

Distribution:

Department of Finance, County of Hawaii
Planning Department, County of Hawaii
Federal Housing Authority

*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

EXHIBIT A

Description of the Estates Created

Two freehold estates were created and designated, and hereinafter referred to as "condominium units" (also referred to herein as "unit" or "units"). Specifically, the two estates so created and designated are referred to hereinafter as "Unit 1" and "Unit 2". Unless provided otherwise herein, each individual condominium unit is comprised of all of the structures and/or other improvements physically located or to be located on the land area appurtenant to said unit, as designated and defined in subparagraphs 5(a) and 5(b) herein. Said condominium units are or will be located as shown and designated on the Condominium Map, the number of which is noted above. The units are described as follows:

(a) Unit 1" consists of (i) a one (1) room, single story, wood frame and shade cloth greenhouse with a dirt floor, having a net area of approximately 48 square feet with no basement; and (ii) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.—

(b) "Unit 2" consists of (i) a one (1) room, single story, wood frame storage shed having a net area of approximately 120 square feet with no basement, and (ii) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.

END OF EXHIBIT A

EXHIBIT B

Description of Common Elements

One freehold estate was designated in all portions of the Project other than the units (except as herein specifically included), these portions of the Project being herein referred to as the "common elements", including specifically, but not limited to:

- (a) The land in fee simple;
- (b) All ducts, pumps, pipes, wires, conduits or other utility lines running over, under or through any unit or any limited common element appurtenant thereto which are utilized by or serve more than one unit and other central and appurtenant installations for common services, if any, including water, power, light, sewage, irrigation and telephone;
- (c) Any and all other apparatus, installations and/or facilities in common use and all other parts of the Property necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use;
- (d) Each unit shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes of ingress to, egress from, utility services for, and support, maintenance and repair of such unit, and in the other common elements of the Project for use according to their respective purposes. When applicable, each unit shall also have appurtenant thereto easements in the other unit(s) for the purposes of utility service for, and the maintenance and repair of said utility services, including but not limited to electricity, gas, water, sewage, telephone and television cable;
- (e) The limited common elements described in Exhibit C of this public report and Section 5 of the Declaration.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of record against any condominium unit(s).

END OF EXHIBIT B

EXHIBIT C

Limited Common Elements

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby set aside and reserved for the exclusive use of certain units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) That certain land area upon and around which Unit 1 is located, shown and designated on the Condominium Map as "Limited Common Element Land Area Appurtenant to Unit 1", containing an area of approximately 1.75 acres, shall be a limited common element appurtenant to and for the exclusive use of Unit 1.

(b) That certain land area upon and around which Unit 2 is located, shown and designated on the Condominium Map as "Limited Common Element Land Area Appurtenant to Unit 2", containing an area of approximately 1.75 acres, shall be a limited common element appurtenant to and for the exclusive use of Unit 2;

(c) All other common elements of the Project which are rationally related to less than all of said units shall be limited to the use of such units to which their use is rationally related;

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

END OF EXHIBIT C

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

1. For information regarding real property taxes due and owing, reference is made to the County of Hawaii Director of Finance.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.
4. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION

Dated: March 5, 1991
Document No. 1880707

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

5. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION

Dated: March 5, 1991
Document No. 1880708

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

6. Easement "814" for access and utility purposes, as shown on Map 73, as set forth by Land Court Order No. 103509, filed on August 22, 1991.
7. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DEED

Dated: -----

Document No. 1881057

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

8. NOTICE OF DEDICATION

Dated: June 12, 1992

Document No. 1967452

Re: dedication of the land described herein to non-speculative residential use for a period of ten (10) years, effective July 1, 1992.

NOTE: Sale of the property may result in special tax assessment retroactive to the date of the dedication.

9. GRANT

In Favor Of: HAWAII ELECTRIC LIGHT COMPANY, INC., a Hawaii corporation, and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, a Hawaii corporation

Dated: June 21, 1993

Document No. 2055136

Purpose: granting an easement for utility and incidental purposes.

10. **MORTGAGE**

Mortgagor: MITSUKO (NMN) SAITO, unmarried
Mortgagee: SHIZUO SAITO, husband of Sui Saito
Dated: May 1, 1996
Document No. 2312333
Principal Sum: \$100,000.00
The present amount due should be determined by contacting the owner of the debt.

11. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "MOANA CONDOMINIUM PROJECT"

Dated: May 23, 1996
Document No. 2316855
but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Condominium Map No. 1154, to which reference is hereby made.

(The units created by the foregoing instrument are more particularly described in Schedule "1" attached hereto.)

12. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "MOANA CONDOMINIUM PROJECT"

Dated: May 23, 1996
Document No. 2316856
to which reference is hereby made

EXHIBIT E

SUMMARY OF SALES CONTRACT

It is Seller's intention to use the most recent edition of the Hawaii Association of Realtor's form of Deposit Receipt Offer and Acceptance (DROA). Among other provisions, the contract will contain the following:

1. Evidence of title: Seller shall furnish Buyer evidence of Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to deliver title as herein provided Buyer has the option to terminate this agreement and have any of Buyer's deposits returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing: (a) Seller shall pay 60% of the premium to be charged for an Owner's standard coverage policy of title insurance to be issued to the buyer in the amount of the sales price, and (b) Buyer shall pay 40% of such premium and any additional costs relating to the issuance of any extended coverage policy, including a Lender's policy.
2. Default: It is expressly understood and agreed: First: In the event Buyer fails to pay the balance of the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract; (b) retain the initial deposit and all additional deposits provided for herein, as liquidated damages, and (c) Buyer shall be responsible for any costs incurred in accordance with this contract. Second: In the event Seller fails to perform his obligations as herein provided, Buyer not being in default, Buyer may (a) bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of the contract and (c) Seller shall be responsible for any cost incurred in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer in the event of default and/or a lawsuit arising out of this contract (including a suit by a REALTOR for commission), the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees. All expenses incurred by escrow shall be deducted from deposited funds prior to any disbursement to the prevailing party.
3. Closing: For the purpose of this contract "closing" shall be the date upon which all appropriate documents are recorded. Buyer and Seller agree to execute appropriate or customary documents when requested to do so.
4. Time is of the Essence: If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property by the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, can extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of Standard Term H apply. Any further extension must then be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

END OF EXHIBIT E

EXHIBIT F

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

1. Sales Contracts Deposited in Escrow. As and when Developer shall enter into a sales contract for the sale of a unit, Developer shall deliver an executed copy of such sales contract to Escrow.

2. Receipt of Funds by Escrow. Developer shall pay over to Escrow any monies received by Developer from purchaser under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers.

3. Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued a Final Report on the Project; provided, however, to the extent any sales contracts are entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report of the Real Estate Commission, no disbursements shall be made from such purchaser's funds until (i) such Final Public Report shall have been issued; and (ii) the purchaser shall have been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same and Developer's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective; and

(b) Developer or Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of Sections 514A-62 and 514A-63, Hawaii Revised Statutes, as amended, have been met; and, if the project is a conversion project, that requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; and

(c) Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract; and

(d) Developer shall have delivered to Escrow a certificate from Developer's architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988.

4. Return of Funds and Documents. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised such purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if Developer and the purchaser shall so request in writing and any one of the following events has occurred:

- (i) No sales contract has been offered to the purchaser who has been placed on Developer's reservation list of owner-occupant applicants; or
- (ii) The purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for the purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which Developer is limited to selling to owner-occupants; or
- (iii) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or
- (iv) The purchaser indicates an intent not to become an owner-occupant of such unit.

Except for cancellations under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

5. Purchaser's Default. If the purchaser fails to make any payment to Escrow which is required pursuant to the sales contract on or before the due date thereof or if the purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Owner has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any documents that had been theretofore delivered to Escrow by Developer and shall hold all other documents theretofore delivered to Escrow in connection with the purchase of the unit for the statutory period; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT MOANA CONDOMINIUM PROJECT

Pursuant to the Section 514A-61, Hawaii Revised Statutes Condominium Property Act

DEVELOPER/PROJECT MANAGER

Mitsuko (NMN) Saito, P.O. Box 383758, Waikoloa, Hawaii 96738

ESTIMATED MAINTENANCE FEES/COSTS PER CONDOMINIUM UNIT

MAINTENANCE FEES: The regular maintenance and repair of each condominium unit is the sole responsibility of each respective unit owner. There are no common services and/or expenses which will require regular monthly assessments. Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

WATER SERVICE: The Project consists of one "Lot" as the same is defined by the Zoning Code of the County of Hawaii, as amended, and, as such, the entire Project is allotted 600 gallons of water per day by the Department of Water Supply via one 5/8" water meter which is a common element of the Project. The Department of Water Supply meter installed on Unit "1" will indicate the amount of water used by the Project. A private sub-meter installed on Unit "2" will determine the usage of Unit "2" and, by deduction, the usage of Unit "1". The unit owners will pay the Department of Water Supply their proportionate amount of water bills based upon the usage indicated by these water meters.

INDIVIDUAL INSURANCE: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project and that premiums be common expenses. Developer anticipates that the Association will elect to permit unit owners to obtain separate policies and name the Association as additional insured. In such case, insurance premiums will be the individual's responsibility of each owner unit rather than common expenses of the Project. Developer estimates such annual premium expense to be \$250.00 per apartment. This estimate was prepared in accordance with generally accepted accounting principles.

WARRANTIES

"Unit 1" is one (1) room, single story, wood frame and shade cloth greenhouse with a dirt floor having a net area of approximately 48 square feet with no basement.

"Unit 2" is one (1) room, single story, wood frame storage shed having a net area of approximately 120 square feet with no basement.

Potential buyers of said Units are advised that they are being sold "AS IS" without any building warranties.

USE OF CONDOMINIUM UNITS

The units of the Project and their appurtenant land areas shall be occupied and used only by the respective owners thereof, their families, domestic servants, personal guests, tenants, and employees, and only for those purposes permitted by applicable zoning ordinances. The unit owners shall have the absolute right to lease or rent their units subject to the limitations, restrictions, covenants and conditions contained in the Declaration or in the By-Laws of the Association of Condominium Owners. Subject also to said Declaration and By-Laws, maximum allowance and freedom shall be given so as to accommodate the individual unit owner's artistic, creative and life-style requirements.

CODE VIOLATIONS

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulations of the County of Hawaii.

6/10/99
Date


Mitsuko (NMN) Saito

END OF EXHIBIT G

EXHIBIT H

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LOKELANI SUBDIVISION

ARTICLE I - DEFINITIONS

The following words when used in this Declaration, unless the context otherwise specifies or requires, shall have the following meanings:

1.1 Garage. "Garage" means a completely enclosed structure used for parking cars therein, with automatic doors.

1.2 Subdivide. "Subdivide" means a parcel of real property divided or separated into lots as shown on a subdivision plan approved, pursuant to the subdivision ordinances of the County of Hawaii, or the procedure of so dividing or separating real property, or the application of a Condominium Property Regime or other similar legal device so as to enable separate legal division and or ownership of portions of a Lot.

1.3 Visible from Neighboring Property. "Visible From Neighboring Property" means, with respect to any given object or activity, that such object or activity is or would be in any line of sight originating from any point six (6) feet above any adjoining property, excluding contiguous property owned by the Owner of the property involved, but including streets, assuming that such adjoining property has an elevation equal to its actual elevation or the highest elevation of the ground surface of that portion of the property upon which such object or activity is located, whichever elevation is lower.

ARTICLE II - RESTRICTION COVENANTS

2.1 Use of Lot. Each Lot shall be used exclusively for agricultural and/or single family residential purposes.

(a) "Ohana Dwellings", as defined by Article 25 of Zoning Code of the County of Hawaii shall be allowed provided that they are properly permitted by the County of Hawaii pursuant to Article 25 of the Zoning Code of the County of Hawaii, as amended from time to time.

(b) Any artist, artisan or craftsman may pursue his or her artistic calling upon a Lot provided such artist, artisan or craftsman has no employees working on such Lot, and does not advertise any product or work of art for sale to the public upon or from such Lot.

(c) The leasing of any Lot from time to time by the Owner thereof, subject, however, to all of the restrictions of this Declaration. Provided that the same is permitted under the Zoning Code of the County of Hawaii, such leasing may include a "Transient Vacation Rental" as defined by Chapter 514E of Hawaii Revised Statutes, as amended from time to time, or a "bed and breakfast rental" as it may from time to time be defined by the Zoning Code of the County of Hawaii.

(d) Structures or Improvements existing at the time of the making and filing of this Declaration, and any necessary maintenance thereof, shall be allowed.

2.2 Repair and Storage of Vehicles. No automobile, truck, trailer, bulldozer, mobile home, backhoe, other heavy equipment, boat, vessel, aircraft or other vehicle shall be kept, stored, constructed, reconstructed, serviced or repaired on any Lot except and unless the same is within a garage or other accessory building or landscaped area so as to be not visible from any adjoining Lot or street.

2.3 Towers, Antennas, Aerials, Satellite dishes and other Facilities. No towers, antennas, aerials, or facilities for reception or transmission of radio or television broadcasts or other means of communications or transmission through the air shall be allowed on any Lot unless the same is or are no higher in elevation than the highest point of the residence or accessory building they are attached to or nearest to and provided it is or they are placed upon any Lot so as to be screened by other Improvements or landscaping from the view of and not visible from any neighboring property or Lot.

2.4 Trailers, Outbuildings, and Temporary Structures. No trailer, mobile home, tent, shack, detached garage, or other outbuilding erected upon a Lot shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

2.5 Visibility of Clotheslines, Tanks, and Materials. No clothes lines or fuel storage tanks shall be placed on any Lot in a location visible from an adjacent street or neighboring property. No lumber, metal or bulk, materials shall be kept, stored, or allowed to accumulate on any Lot out of doors except during the process of residential or "ohana" construction.

2.6 Animals. Animals may be kept on any Lot as long as the animals do not become an annoyance or nuisance to the Owners and/or occupants of other Lots. For purposes of this Declaration, the emission of excessive noise or the generation of odors by any animals kept on a Lot, which noise or odor is readily detectable on any other Lot, shall be deemed to be a prohibited annoyance or nuisance. An adequate enclosure and shelter shall be provided for the purpose of keeping and containing any animal kept on any Lot.

ARTICLE III- DESIGN AND CONSTRUCTION REQUIREMENTS

3.1 Underground Utilities. All utilities, including but not limited to electric, telephone, water, and cable television lines and conduits and pipes must be placed underground.

3.2 Setbacks. No residence or accessory building or other Improvement other than allowed driveways, sidewalks, or other access ways, underground utility lines, fences, mailboxes, signs, and landscaping plants, trees or shrubs, shall be placed or constructed within forty (40) feet of the Lokelani Subdivision road, provided, however, notwithstanding anything else herein to the contrary, the setbacks for Lots E and F of the Subdivision may have setbacks of 25 feet or more so long as any structures or improvements thereon do not unreasonably interfere with the air, light and view from any residential structures on any other lots in the subdivision.

3.3 Minimum Residence Size. The Principal Residence of or on each Lot shall contain a minimum of two thousand (2,000) square feet under roof inclusive of lanais, porches, garages or carports. Structures used exclusively for agricultural purposes, such as greenhouses, shall not be limited as to size. Structures qualifying under Article III, Section 3.1(a) shall contain a minimum of one thousand five hundred (1,500) square feet under roof inclusive of lanais, porches, garages or carports.

3.4 Landscaping Height Limitations and Windbreaks. Except for trees in excess of thirty-five (35) feet in height within the Real Property existing at the time of the filing of this Declaration, no tree, shrub, or bush shall be planted, grown or maintained on any Lot of a height in excess of thirty-five (35) feet. Any tree existing on the Real Property as of the making and recordation of this Declaration which is less than thirty-five (35) feet shall be maintained so as not to exceed thirty-five (35) feet. Owners shall bear the expense of maintaining tree height limitations on their Lot. Any windbreaks shall take into consideration and give way to the views of other Lots so as to not unreasonably interfere with such views.

3.5 Air, Light and View Planes. No Lot shall be utilized or developed so as to unreasonably interfere with the air and light, and free passage of the same, and the view planes (including the ocean view) from the Lots.

3.6 Number of Structures Permitted. Not more than two (2) residences shall be constructed on any Lot.

3.7 Garage. Each residence, including any "Ohana Dwelling", shall have a Garage of adequate size to accommodate two (2) automobiles, which Garage will have a garage door or other enclosure such that the entire interior of the Garage is enclosed and not visible from neighboring Lots or the street when the Garage door is closed.

ARTICLE IV - GENERAL PROVISIONS

4.1 Enforcement of Declaration. Each provision of this Declaration shall be enforceable by the Declarant, by any Owner or by the Lokelani Subdivision Owners Association in a proceeding for a prohibitive or mandatory injunction and/or by a suit or action to recover damages or may be resolved by formal Arbitration. If any proceedings are instituted in connection with the right of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to recover from the losing party its costs and expenses in connection therewith including all reasonable attorney's or arbitrator's fees and costs.

4.2 Notices. Any notice, information, or other document required to be given by this Declaration may be delivered either personally or by mail. If delivery is to be made by mail, notice shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the part at his last known address.

4.3 Duration of Declaration. This Declaration and the covenants, conditions and restrictions contained herein, as amended from time to time, shall continue and remain in full force and effect for a term of thirty (30) years from the date this Declaration is recorded, after which time said Declaration shall automatically be extended for successive periods of twenty (20) years, unless an instrument, in writing signed by not less than seventy-five percent (75%) of the Owners of Lots within Lokelani Subdivision (based on one vote per Lot) has been recorded at least one (1) year prior to the end of any such period, agreeing to change or terminate this Declaration or the covenants, condition and restrictions, in whole or in part.

4.4 Amendment. Any provision contained in this Declaration may be amended or changed, and additional provisions may be added hereto, by the recording of a written instrument or instruments specifying the amendment or change signed by not less than seventy-five percent (75%) of the then Owners of Lots within Lokelani Subdivision (based on one vote per Lot).

4.5 Membership Dues and Future Assessment. The amount of annual dues and future assessments are to be determined, part, by the costs of servicing the Road and Utility Easements. "Servicing" shall include all activities necessary to maintain the Road and Utility Easements in good repair, order, and condition, including the replacement of paving, curbs, and drainage for so long as the Association shall exist and the cost of such maintenance and repair shall be paid by the Lot Owners of the Association upon demand. Unpaid dues and assessments shall constitute a lien upon the real and personal property of the member who has failed to make such payment and the Association may foreclose this lien at any time.

EXHIBIT I

DECLARATION OF EASEMENTS, INDEMNIFICATION, AND MAINTENANCE AGREEMENT FOR LOKELANI SUBDIVISION

1.0 MAINTENANCE OF ROAD AND UTILITY EASEMENTS

1.1 Obligation to Maintain. The Association shall maintain the Road and Utility Easements in good repair, order and condition, including the replacement of paving, curbs, and drainage for so long as the Association shall exist and the cost of such maintenance and repair shall be paid by the Lot owners to the Association upon demand in accordance with paragraph 1.2 below. The payment of such costs is intended to be for the benefit of all persons having an interest in the Lots.

1.2 Payment of Maintenance Costs. Each of Lots shall bear an equal share of the Road and Utility Easements maintenance and repair expenses whether or not an Owner resides on or utilizes their lot in any way.

2.0 LOKELANI SUBDIVISION ASSOCIATION OF OWNERS

2.1 Membership. Each Owner shall automatically become a member of the Lokelani Subdivision Owners Association upon obtaining title to a Lot and shall remain a member thereof until such time as their ownership thereof ceases for any reason.

2.2 Membership Dues and Future Assessment. The amount of annual dues and future assessments are to be determined, part, by the costs of servicing the Road and Utility Easements. "Servicing" shall include all activities necessary to maintain the Road and Utility Easements in good repair, order, and condition, including the replacement of paving, curbs, and drainage for so long as the Association shall exist and the cost of such maintenance and repair shall be paid by the Lot Owners of the Association upon demand. Unpaid dues and assessments shall constitute a lien upon the real and personal property of the member who has failed to make such payment and the Association may foreclose this lien at any time.

2.3 Road and Utility Easements Coordinator. At each annual Association meeting, the members shall select one member, who is a resident of the county of Hawaii to serve until the next annual meeting as a coordinator for the Road and Utility Easements (the "Road and Utility Easements Coordinator") The Road and Utility Easements Coordinator's duties shall include, without limited, (I) procure, charge, and custody of and responsibility for all funds, bank accounts and records of accounting and insurance policies maintained by the Association in connection with the Road and Utility Easements, (ii) insurance of notices to members, required to be issued in connection with the Road and Utility Easements, (iii) management, coordination and supervision of the road and Utility Easements. The Road and Utility Easements Coordinator

shall be monetarily compensated by the Association at a rate to be determined by the members of the Association at each annual meeting of the Association.

3.0 INSURANCE AND INDEMNIFICATION

3.1 Policy Maintenance. The Association shall effect and maintain at all times policies of comprehensive general liability insurance, covering the Association and the Owners with an insurance company authorized to do business in Hawaii with minimum limits for each policy of not less than \$1,000,000 for injury to one or more than one person in any one accident of occurrence and \$5000,000 for property damage, or higher limits as the Association may from time to time establish with due regard to then prevailing prudent business practice in the State of Hawaii as reasonably adequate for the protection of the Association, without prejudice to the right of any Owner to maintain additional liability insurance for its respective Lot.

3.2 Indemnification. Except as provided for in paragraph 3.2 above, the Association shall indemnify, defend and hold the Owners harmless from and against any and all claims, injuries, liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys' fees) asserted against or suffered by the Owners arising out of or in connection with the construction, use, repair, and/or maintenance of the Road and Utility Easements. The Association hereby releases forever the Owners from every liability arising out of or in connection with the construction, use, repair, and/or maintenance of the Road and Utility Easements. Provided, however, that this paragraph shall not obligate the Association, and the Association shall under no circumstances be obligated, to release and/or indemnify, defend and hold harmless any Owner or Owners whose negligence or willful misconduct contributed to or caused the liability, loss, damage or cost in question.

4.0 SUBDIVISION

4.1 Association Approval. No further subdivision of the Lots shall be undertaken by any Owner without the consent of the Association first having been obtained at an annual or special meeting of the Association held in accordance with the By-Laws, provided, however, that the Owner or Owners or lots 15e, 15f and 15g may consolidate and resubdivide those lots in order to create an additional lot without obtaining the consent of the Association; Provided, however, that nothing herein shall prevent or be construed to prevent any Owner from establishing a Condominium Property Regime upon a Lot pursuant to Hawaii revised Statutes 414A as amended from time to time, without obtaining the consent of the Association.

5.0 SPECIFIC RESTRICTIONS TO ROAD AND UTILITY EASEMENTS

5.1 Gated Entrance. Unless otherwise stipulated by the members of the Association at a meeting of the Association, access from Ala Kahua Drive onto the Road and Utility Easements will be controlled by an entrance gate. The opening of this entrance shall be operated either by keypad with a numbered code or by a button transmitter in the Owner's vehicle, in either event

such keypads or transmitters shall be purchased by the individual Owners at their sole cost and expense. Each Owner shall be responsible to the other Owners to record the dates and names of other individuals or entities to whom an Owner has given a transmitter, keypad or the numbered code. Periodically, at the sole discretion of the Road and Utility Easements Coordinator, the numbered code may be changed, provided, however, that in such event, the Coordinator shall give 24 hour prior written notice of such change to the Owners by delivering the same to the Owner at Lokelani Subdivision residence or by mailing the same to all absentee Owners at their last known mailing address.

5.2 Speed Limit. The speed limit within Lokelani Subdivision, whether or not posted, shall be 20 miles per hour.

5.3 Driveway Access. Each Lot shall have one access driveway connecting it to the Roadway and Utility Easements. Each Lot's Driveway shall (I) be paved, as opposed to graveled, (ii) have a width of twenty (20) feet from the point where it connects with the Road and Utility Easements to a point ten (10) feet inside the Lots, and (iii) have a width of no less than twelve (12) feet from the point ten (10) feet within the Lot to the interior end of such driveway.

5.4 Tracked Vehicles. All tracked vehicles, including without limitation, bulldozers, and tractors, shall be trailed onto the Lots, I.e. no tracked vehicles shall be walked or drive across the Road and Utility Easements.

5.5 Parking on Road and Utility Easements. No vehicle, trailers, boats, or other equipment shall be parked or stored within the Road and Utility Easements and shall instead be parked or stored on the individual Lots. Provided further that no inoperable vehicle shall be allowed to remain on a Lot beyond a reasonable period of time, which is no event shall exceed thirty (30) days.

6.0 ENFORCEMENT

6.1 Enforcement. Each provision of this Declaration shall be enforceable in a proceeding for a prohibitive or mandatory injunction and/or a suite or action to recover damages or may be resolved by formal arbitration pursuant to Hawaii Revised Statutes Chapter 658, as amended from time to time. Each of the Owners and the Association shall have the right to enforce any and all of the restrictions, covenants, conditions, obligations and charges now or hereafter imposed by or under this Declaration, as it may be amended from time to time or any subsequent declarations affecting the Lots and the costs of enforcement, including arbitration fees, court costs, and attorneys' fees shall be paid by any person who has been finally adjudged by an arbitrator or a court of competent jurisdiction to have violated any such provision or to have failed to pay and violated any such provision or to have failed to pay and satisfy, when due, any such obligation or charge. No action to enforce any restriction, covenant, condition, obligation

or charge may be made or taken without first giving not less than thirty (30) days written notice and demand to the person in default to cure or rectify such default or breach involved.

6.2 Injunctive Relief. Every act or omission by which an covenant or condition of this Declaration is violated, in whole or in part, is declared to and constitutes a nuisance and may be enjoined or abated, whether relief sought is for negative or affirmative action, by the Owner or the Association of Owners.